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Women's participation in wood-based value chains in voluntary partnership agreement countries

a case study from La Xuyen wood village in Nam Dinh province, Viet Nam

The experience of the FAO-EU FLEGT Programme

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The experience of the FAO-EU FLEGT Programme

Ngoc Pham Thi Bich, Josil Murray, Daphne Hewitt, Nelly Bourlion

Food and Agriculture Organization of the United Nations
Rome, 2021

Required citation:
Thi Bich, N., Murray, J., Hewitt, D. & Bourlion, N. 2021. *Women's participation in wood-based value chains in voluntary partnership agreement countries: a case study from La Xuyen wood village in Nam Dinh province, Viet Nam – The experience of the FAO-EU FLEGT Programme*. Rome, FAO. https://doi.org/10.4060/cb7952en

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ISBN 978-92-5-135460-5
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The authors would like to thank all participants of to the in-depth interviews and group discussion conducted in La Xuyen Craft village, as well as participants in the neighboring households in Yen Tien Commune for all their time and kindness during the interviews.

Contributors: Mauro Bottaro, Fillipo del Gatto, Uan Le, Rosa Abruzzese, Julia Guimarães
Layout: Grazia Dammacco

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ACRONYMS

CEDAW – Convention on the Elimination of All Forms of Violence against Women
FLEGT – Forest Law Enforcement, Governance and Trade
MARD – Ministry of Agriculture and Rural Development
MSMEs – Micro, small and medium enterprises
VAT – Value Added Tax
VIFOREST – Viet Nam Timber and Forest Product Association
VNTLAS – Viet Nam Timber Legality Assurance System
VPA – Voluntary Partnership Agreement
WU – Women’s Union

1. KEY FINDINGS

- Viet Nam has strong laws and strategies in place that promote and support equal rights and opportunities for women. However, the implementation of these laws is weak, especially at the local level.

- Women in La Xuyen craft village participate in all stages of the wood supply chain by carrying out simple or complex tasks; they largely work part-time and informally, because they also perform important roles inside their families, their communities and society as a whole.

- Findings from La Xuyen craft village are consistent with recent literature on wood villages which demonstrate that women tend to have weaker contracts and less job security than their male counterparts.

- There are three key areas where the implementation of the Voluntary Partnership Agreement (VPA) might adversely affect women: sourcing of raw materials, formalization and increased legal requirements.

- The VPA could benefit women in La Xuyen craft village and elsewhere through requirements for stronger contracts, greater job security and increased business opportunities for family-run businesses.

- Potential negative impacts on women could be minimized by ensuring that the VPA is implemented through a multi-stakeholder process in close collaboration with stakeholders with an interest in gender issues, and by monitoring and evaluating impacts on women as part of VPA impact monitoring.

2. INTRODUCTION

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In Viet Nam, women are no longer referred to as the weaker gender, but as a force to be reckoned with, as women play an important role in socio-economic development. Vietnamese women account for more than 50 percent of the population and nearly 50 percent of the workforce (GSO, 2019). The proportion of female business owners in Viet Nam was the highest in Southeast Asia at 27.8 percent in 2018, and most of these businesses are micro and small sized (Dau Anh Tuan *et al*., 2019). An estimated 2 to 3 million women work in micro, small and medium enterprises (MSMEs) or household-sized businesses in a wide range of jobs covering growing, processing and selling of wood products, both for domestic and export markets (Forest Trends, 2019).

In spite of the important contributions women make to society, women-owned businesses face a disproportionate number of challenges compared to their male counterparts. These include a lack of access to capital, information, knowledge, skills and business networks. In addition, the proportion of female workers in informal employment is higher than for men, especially in the services sector, leaving them more vulnerable than men when the labour market is affected by shocks following policy changes, natural disasters or more recently a global pandemic. The forestry sector is no exception.

The Voluntary Partnership Agreement (VPA) between the Government of Viet Nam and the European Union was signed in October 2018. Once fully implemented and issuing licences under the European Union Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT), the European Union-Viet Nam VPA is expected to streamline legal trade in Viet Nam and provide green lane access for timber products from Viet Nam to the European Union.

In 2020, the Ministry of Agriculture and Rural Development (MARD) – the focal agency for the implementation of the VPA in Viet Nam – developed and submitted a decree[1] on the Viet Nam Timber Legality Assurance System (VNTLAS). According to this decree, timber and wood products must comply with regulations on planting, transport, processing and final products, to be considered "legal."

It is unclear how the VPA will affect women in the timber sector, but there are concerns that impacts could be significant (Forest Trends, 2019). The VPA will apply to domestic and export markets forcing all businesses, including MSMEs, to comply with trade regulations. Women could be more vulnerable because of the increased legal requirements and enforcement brought about by the VPA.

This report is part of a larger study that seeks to identify the knowledge gaps around gender in the forest sectors of Côte d'Ivoire, Viet Nam and Honduras by assessing the role of women in wood-based value chains and identifying possible interventions or recommendations to reduce gender disparities during VPA negotiations and implementation. This study seeks to complement the emerging body of work on the topic of gender (Forest Trends, 2019; SRD, 2020) in the VPA, by presenting **a specific case study on the role of women in the wood supply chain of La Xuyen wood village, in Nam Dinh province, Viet Nam** and exploring how the VPA could promote and strengthen gender mainstreaming in Viet Nam using this example.

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[1] Decree 102/2020-ND-CP dated 1 September 2020

3. COUNTRY CONTEXT

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3.1 Socio-environmental conditions

Since 1986, economic and political reforms have spurred rapid economic growth, Viet Nam transforming from one of the world's poorest nations into a lower middle-income country. Gross domestic product per capita reached over USD 2 700 in 2019, and more than 45 million people were lifted out of poverty.

The forestry sector in Viet Nam plays an important role in the country's socio-economic development by ensuring stable and sustainable agriculture and rural development, and protecting the ecological environment. The wood and forest products sector is an important exporting industry in Viet Nam. Viet Nam currently has the fastest growing wood processing industry in the world: the timber sector recorded a turnover of USD 12.6 billion in 2020, up 11.5 percent compared to 2019, with domestic consumption accounting for 50 percent of the turnover.

3.2 The status of women in the economic landscape of Viet Nam

Viet Nam was one of the first countries in the world to sign the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in 1980, to ensure that its laws did not directly discriminate against women, and to enforce necessary actions to promote gender equality. Viet Nam adopted and committed to implement the Beijing Declaration and Platform for Action of 1995, the Millennium Development Goals and the Sustainable Development Goals. These are all foundations for ensuring equality between men and women in Viet Nam.

On this basis, Viet Nam drafted the Law on Gender Equality of 2006 to ensure that principles on gender equality were applied in all aspects of life, and laying out the responsibilities of agencies, organizations, families and individuals in upholding these principles. Gender equality is also mainstreamed in other laws related to labour (equal employment opportunities), land (the names of both spouses must be on the land-use right certificate), state budget (allocation of the state budget for the implementation of the gender equality goals) and support for MSMEs (priority support shall be given to women-owned enterprises or enterprises with a significant number of female employees). Gender equality priorities have also been incorporated into many strategies, programmes and policies over the years, which has led to several provisions such as: (1) equal employment opportunities; (2) preferential treatment and tax reduction; (3) equal pay for equal work value; (4) equal working conditions; and (5) access to credit, loans and funds.

In the forest sector, the 2017 Forestry Law stipulates the right to equal access to forest land and forest-based livelihoods, and the right to own land. Clause 7 of Article 14 governs forest allocation, lease, repurposing and appropriation, and highlights the principles of equal participation and gender non-discrimination. The law also stipulates women's equal right to access information on forest development plans, job opportunities, decent work and professional training. The 2006–2020 Forestry Development Strategy advocates for capacity-building for forestry officials on gender mainstreaming and gender-integrated monitoring in forestry.

Viet Nam has one of the most conducive policy environments for gender equality, with attention at the central level and integration in sector policies and plans to enhance the role of women and create suitable conditions for women. However, at the grass roots level, women tend to be unskilled and work largely in the informal sector. Women-owned businesses face many difficulties, such as access to capital, information, knowledge, skills and business networks. While Viet Nam has the highest percentage of female business owners in Southeast Asia, most of those businesses are micro and small sized.

In the forest sector overall, there are slightly more female workers than men workers (accounting for 51 percent), but fewer skilled female workers and fewer women in the formal sector (63 percent of male workers and 53 percent of female employees are classified as skilled workers; 67 percent of female employees are in the informal sector). Women also earn less on average than men – with women earning less than 71 percent of men's average income. The proportion of women-owned MSMEs in the timber and wood product supply chain is unknown, although interdisciplinary studies suggest the proportion may be around a quarter, with most of them microbusinesses. There are currently no specific laws or by-law documents on gender in the forest sector in Viet Nam.

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Table 1. Legal framework and policies on gender equality in Viet Nam

Description/scope	Title	In force	Overview/objective
International commitments: foundation for the diffusion of gender equity in law development and reform processes	Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)	1980	Ensures that laws do not directly discriminate against women, and enforces necessary actions to promote gender equality.
	Beijing Declaration and Platform for Action	1995	"Embodies the commitment of the international community to achieve gender equality and to provide better opportunities for women and girls."*
	Millennium Development Goals	2000	"Commit world leaders to combat poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women."**
	Sustainable Development Goals	2015	"A call for action by all countries to promote prosperity while protecting the planet."***
National laws and regulations	Law on Gender Equality	2006	Ensures principles on gender equality are applied in all aspects of life, and lays out the responsibilities of agencies, organizations, families and individuals for upholding these principles.
	Forestry Law	2017	Clause 7 of Article 14: Governs forest allocation, lease, repurposing and appropriation, and highlights the principles of equal participation and gender non-discrimination. The law also stipulates women's equal right to access information on forest development plans, job opportunities, decent work and professional training.
	Forestry Development Strategy	2006–2020	Advocates for capacity-building for forestry officials on gender mainstreaming and gender-integrated monitoring in forestry.

Source: Centre for Sustainable Rural Development (SRD), 2020.
Note: * https://archive.unescwa.org/our-work/beijing-declaration-and-platform-action
** https://www.who.int/news-room/fact-sheets/detail/millennium-development-goals-(mdgs)
*** https://www.un.org/sustainabledevelopment/

3.3 The role of women in the VPA process

Although the VPA is expected to benefit timber exports and improve forest governance in Viet Nam, there are concerns that the formulation of new laws and formalization could potentially have adverse impacts on the MSMEs participating in the forest and wood products supply chain, and in particular, that the rigorous standards and law enforcement required by the VPA could negatively affect vulnerable groups, which include women (SRD, 2020).

In Viet Nam, there have been efforts to increase women's representation in joint expert meetings and VPA core group meetings, and in some instances, targeted focus group discussions, risk assessments and capacity-building were held with women's groups. Realizing the importance of inclusion and gender mainstreaming, the VPA Joint Implementation Framework (JIF Version 4, December 2017) was amended (in general terms) to integrate women's participation in the VPA process and implementation. However, NGOs are not represented on either the JIF or in working groups and are not invited to the negotiation table (SRD, 2020), which misses on the opportunity for women to participate in the process.

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4. METHODOLOGICAL APPROACH

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The objective of this study is to understand the role of women in MSMEs along the wood value chain in a wood village in Viet Nam and how their role can be further supported through the implementation of the VPA. The study seeks to answer the following questions:

- *What distinguishes women-owned MSMEs (or with significant female participation) in this male-dominated sector? What has made this participation possible?*
- *What are women's roles in these MSMEs?*
- *What are the current difficulties or opportunities they face?*
- *What are the expected impacts – positive or negative – of the increased focus on legality compliance through the VPA process on the status and economic/productive activities of women who work in the MSMEs?*
- *How can negative impacts be mitigated and positive impacts increased?*

This is a case study of La Xuyen craft village in Yen Ninh commune, Y Yen district, Nam Dinh province. Fieldwork and observations also included relevant adjacent areas related to the wood-based value chain of La Xuyen craft village.

Two main methods were used, a literature review and qualitative research:

- The literature review focused on gender issues in Viet Nam, in particular within MSMEs in the wood-based value chain in La Xuyen craft village and in the context of the VPA negotiations and implementation process.
- Qualitative data was collected using a participatory method among authorities, women's unions in the commune, and business owners and local people from La Xuyen craft village.
- Direct observations in the field were made to obtain a more comprehensive picture of the local context.

In total, 35 in-depth interviews were conducted: 3 with officers of Yen Ninh commune, 3 with village leaders, 7 with business leaders, 22 with employees of enterprises and households in the wood-based value chain in La Xuyen craft village. Two group discussions were held with business owners in La Xuyen craft village and female workers in the wood-based households and enterprises (see Annex 1, 5 and 6).

This paper uses the term "household" to refer primarily to informal wood-based businesses of less than ten people, and "enterprise" as a registered business employing 10–99 people.

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5. FINDINGS

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5.1 Description of La Xuyen wood village

La Xuyen traditional carpentry village is located in Yen Ninh commune, in Nam Dinh province, next to the national highway No. 10. This location is very convenient for waterway, road and railway transport to all regions of the country, making it advantageous for the transport and trading of goods and materials. La Xuyen traditional carpentry village (hereinafter referred to as La Xuyen craft village) has been well-known since the tenth century. Almost all households in this craft village participate in wood working. Wood products from La Xuyen craft village are mainly made from local plantation and imported natural forest timber of precious species (e.g. rosewood, redwood, sindora, sepertir, narra padau and ebony). A diverse range of products are manufactured, including sindora beds and cupboards, tables and chairs, incense tables, statues, doors and hammocks.

La Xuyen craft village has nearly 1 800 households, of which about 1 700 (96 percent) are involved in production, trading and transport of wood and wood products. Each enterprise has about 10–40 employees, of which 14–20 percent are women. Wood-based households on the other hand have fewer than ten employees, most of whom are family workers with at least one woman and only one or two hired male workers. Among these wood-based households, around 6 percent are registered as individual businesses.

In La Xuyen craft village, enterprises and households are involved in the wood value chain through different activities, ranging from production to processing and trading (Figure 1). Role of women in wood-based MSMEs in La Xuyen craft village.

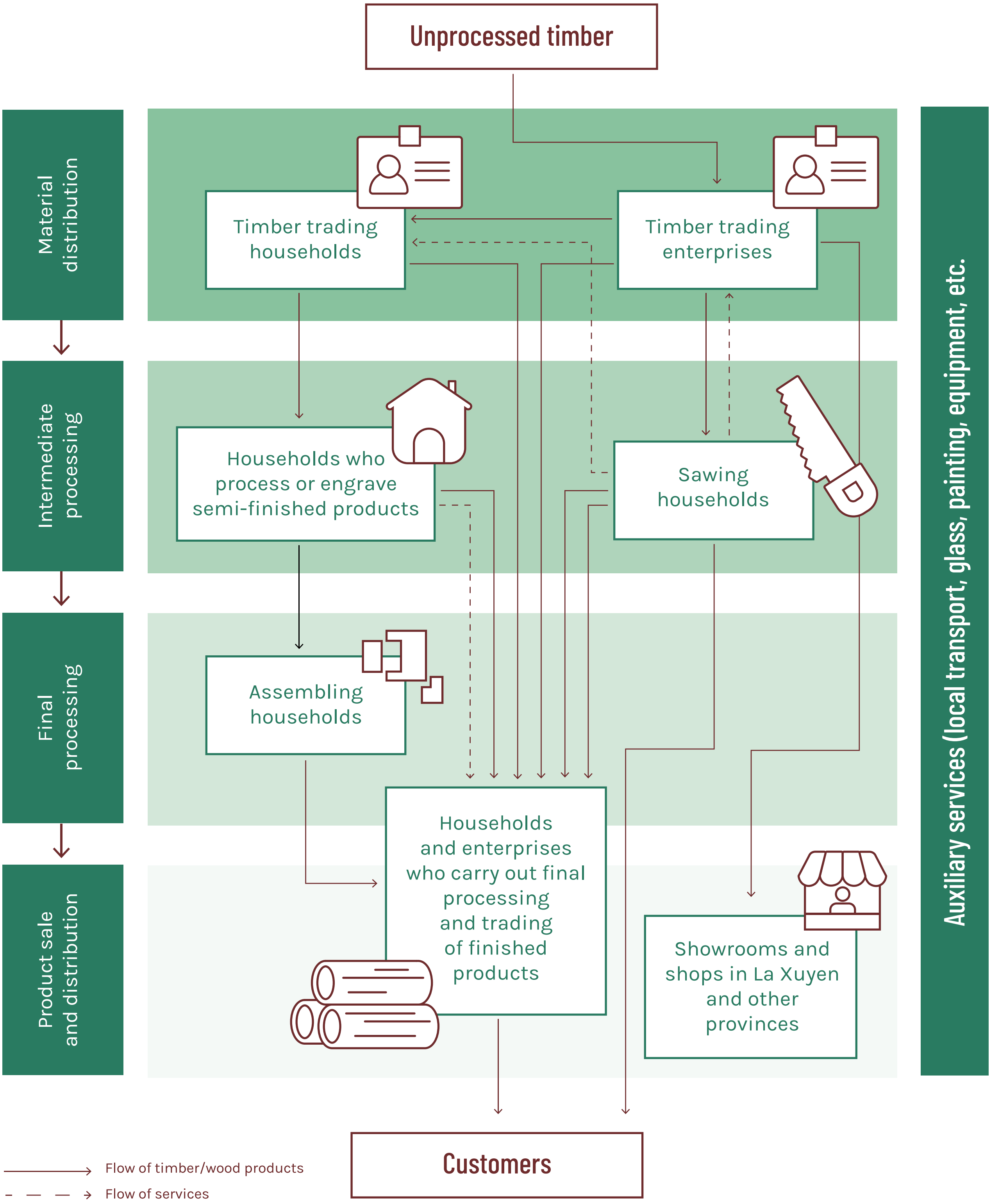
Unprocessed timber
Material distribution
Timber trading households
Timber trading enterprises
Intermediate processing
Households who process or engrave semi-finished products
Sawing households
Final processing
Assembling households
Product sale and distribution
Households and enterprises who carry out final processing and trading of finished products
Showrooms and shops in La Xuyen and other provinces
Auxiliary services (local transport, glass, painting, equipment, etc.
Customers
Flow of timber/wood products
Flow of services

Figure 1: Activities carried out by entreprises and households involved in the wood value chain

5.2. Role of women in the La Xuyen wood supply chains

In La Xuyen craft village, at least 346 women participate in the wood supply chain, and female workers account for about 14–20 percent of the total number of workers engaged in the wood-based value chain in the village.

	Timber supply chain	Business type	Role of women
	Timber traders - Sell unprocessed timber	Enterprises (n=6) Households (n=30)	**Medium involvement by women** **Tasks:** Sales, promotion, cashier and bookkeeping
	Wood Processors & Traders - Timber processing facilities with showrooms and shops selling finished products - Family labour with some outsourced workers, most of whom are strong, skilled men	Enterprises (n=21) Households (n=400)	**Medium involvement by women** 14-20% in enterprises 30% in households **Tasks:** Cashier and bookkeeping
	Wood working households - Engaged in processing parts/component of wood products - Family labor with some outsourced workers, most of whom are strong and skilled men	Households (n=1300)	**Low / no involvement by women** < 5% of workers are women
	Household sawmills - Equipped with a sawing machine and cranes - About 5 workers per sawmill	Households (n=15)	**Low / no involvement by women** < 5% of workers are women
	Showrooms and shops - Sell and display finished wood products	Enterprises (n=21) Households (n=73)	**Large involvement by women** > 90% of workers are women **Tasks:** Shop assistants. Each showroom often employs two women, one as a saleswoman and cashier, and another as a cleaner

Figure 2: Role of women and their key tasks along the wood supply chain in La Xuyen craft village

Women participate in most stages of the wood production process from simple tasks (e.g. sanding and varnishing) to more technical tasks (e.g. carving, gilding and painting) and more labour-intensive work (e.g. transport and operating sawing equipment) – see Figure 3. Generally, the majority of women in La Xuyen tend to do simple jobs. Very few women in La Xuyen craft village are business owners. Only 2 out of the 21 enterprises are owned by women and all household businesses are headed by men.

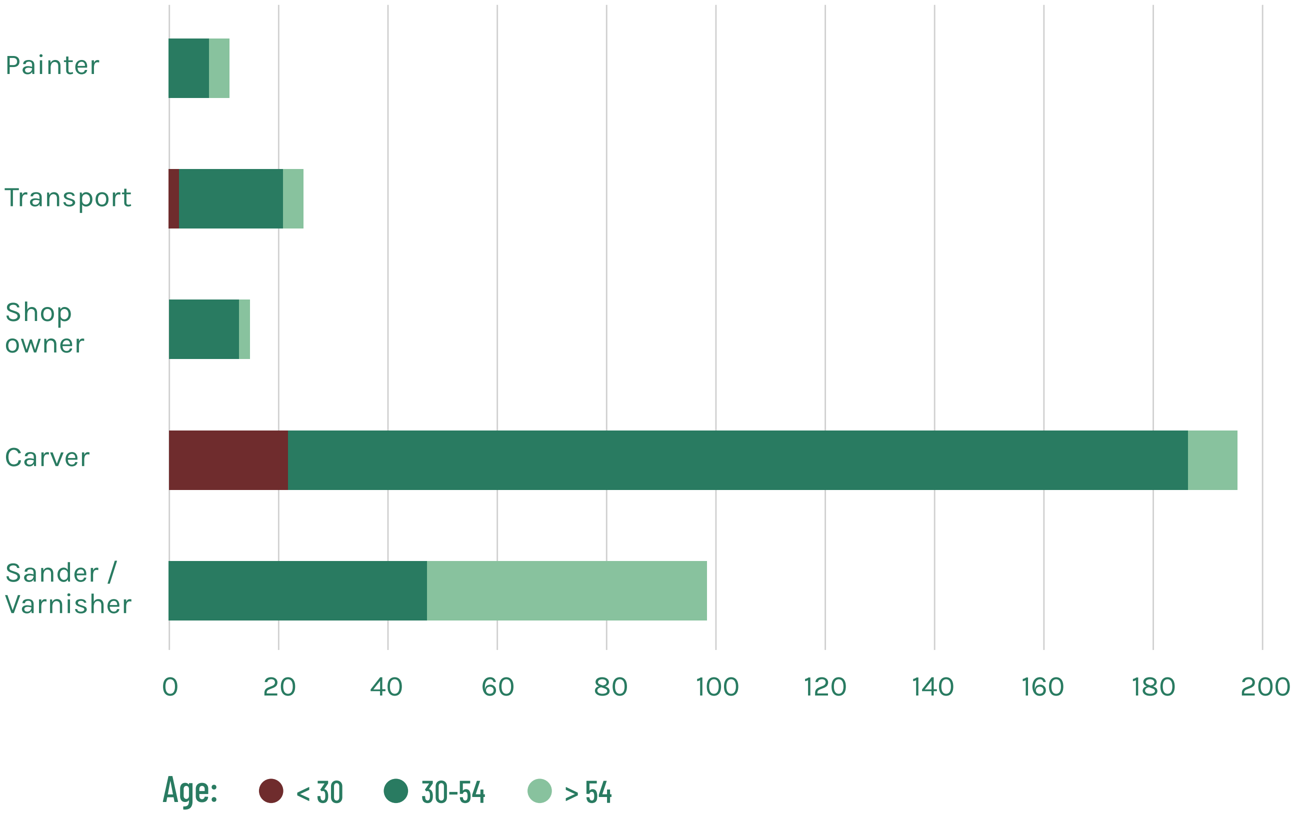

Figure 3: Role of women in the wood supply chain in La Xuyen craft village according to their age (n=346)

In addition to working in the wood-based value chain, women in La Xuyen craft village take on important social roles[2] and spend more time at home with the family than men do. As this is not paid work, these roles are often overlooked, which could lead to an underestimation of the importance of women in family, society and business.

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[2] Social roles define what individuals are expected to do in a given space and time according to the rules and norms set by society. During their lives, individuals carry out many different social roles according to a pre-existing framework. For example, the women in this case study assume the role of wood craft producers, as well as the role of wife and mother in the family.

Remuneration

Male workers take on more varied jobs, work longer hours and engage in more labour-intensive work, such as operating machinery, sawing, assembling, etc., and men are therefore paid higher wages than women. On average, male workers earn around VND 200 000–300 000 a day, with highly skilled men earning up to VND 500 000–700 000 a day. Female workers tend to receive around VND 100 000–200 000 a day, while highly skilled female workers can earn around VND 300 000–500 000 a day.

Participation in unions and associations

Men tend to participate in "social organizations," including associations with the exception of the Women's Union (WU). In Yen Ninh Enterprise Bloc and La Xuyen Carpentry Village Association, there are two women members, but these women do not participate in their meetings and activities, and the husbands often participate instead. This makes it more difficult for women to access up-to-date policy and market information.

Women are actively involved in the WU – more than 50 percent of women from households in the commune participate in the WU. La Xuyen village has 465 WU members, 346 of whom are involved in the wood-based value chain (accounting for 74 percent). The majority of members participating in social activities are aged 30 to 54 (58 percent). The interviews also indicated that women in this age category were more involved in the production stages than women under 30 or over 55 as they had older children and were able to focus on production and business. The least socially active women were under 30 (6 percent) – see Figure 1.

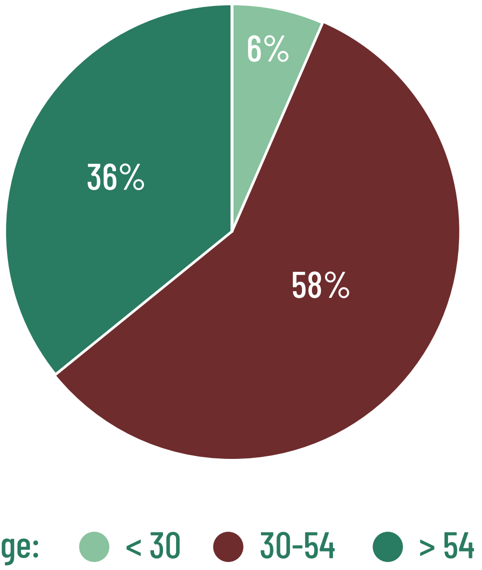

Figure 4: La Xuyen women's participation in the Women's Union by age (n=465)

5.3. Opportunities and challenges faced by women in wood-based MSMEs in La Xuyen craft village

The interviews revealed that the biggest challenges faced by wood-based MSMEs in La Xuyen craft village were related to recent events, which negatively impacted on business and profitability. Households experienced loss of sales, reduced working capital, increased timber prices and reduced profits, causing many households to close or reduce their production. This was caused in part by the COVID-19 pandemic, and also by the recommendation for state agencies to bring their public procurement down to zero purchases of products made from natural timber. Given the role of women in supporting the businesses in the wood village, impacts on family businesses have direct effects on women. Enterprises and households with hired labour had to reduce their paid workers, starting with women employees. According to a business owner in La Xuyen craft village:

> *Last year [2020], I had to lay off four employees – all females. I had to keep the skilled and experienced male workers because it is very difficult to re-hire them. It is very difficult to find skilled workers, and it takes time to train them. In contrast, female workers are part-time workers, doing simple work, without need for training, so it is easy to hire them again whenever needed. If they are not available in the commune, there are many such female workers in neighbouring communes.*

During low sales periods, it is common for businesses to look for new markets and update products. Women-owned businesses, however, find themselves unable to do so, because they are busy fulfilling their other social roles and obligations. Women-owned businesses and shops in La Xuyen craft village rarely reach out to the outside world and schedule little time to work with their clients or partners after office hours. The WU does not currently provide support or information on this type of work.

Vocational training is also often not readily available to women. Women often only have high school education, and start up their businesses with little experience and learn by doing. They lack knowledge on business governance, market access, human resources management, etc. Therefore, when businesses face difficulties, they simply resort to reducing operations and laying off employees, without any overall solution or guidance for maintaining and developing the business in a more sustainable way.

There has been an increase in the use of machines to replace manual work in many stages of the production of wood products. This is a current trend in the wood industry, especially in medium enterprises. Business owners tend to invest in more machines with modern technology in order to produce high-quality products with increased productivity, reduced raw material wastage, but the "side effect" of this is that they need fewer workers. This trend is also starting in La Xuyen, with some enterprise owners thinking about using new technologies along the production line. Local people traditionally think that men are more suited to operating machines than women. As a result, women have fewer and fewer job opportunities, although in practice, women are able to do any work task.

5.4. Potential impacts of the VPA on women in the wood-based MSMEs in La Xuyen craft village

It is still unclear how the VPA will affect women, especially in wood-based MSMEs like those in La Xuyen craft village. Hardly any of the participants in this study were aware of the VPA or the legal requirements of the VNTLAS. Only two people, who were representatives of Yen Ninh Enterprise Bloc and La Xuyen Carpentry Village Association knew about the European Union–Viet Nam VPA from a workshop organized by the Viet Nam Timber and Forest Product Association (VIFOREST).

This study shows that the potential impacts of the VPA implementation on women in La Xuyen craft village are closely connected to the impacts that would generally affect MSMEs (FAO, 2021) and timber-importing wood villages (Forest Trends, 2019) because of the role women play in their family-led businesses and the tasks they perform in the timber sector.

The informal sector is a critical source of rural livelihoods and a crucial source of employment for women, even if it is characterized by income inequality and a lack of social protection. Formalization is anticipated to have a clear and direct connection to gender equality. At least 94 percent of the 1 700 households participating in the timber trade in La Xuyen craft village are currently unregistered. According to the new regulation on household-based business registration (Degree 01/2021/ND-CP dated 4 January 2021 on Business Registration), households with fewer than ten workers and a "low-income threshold" do not need to register as enterprises. The provincial peoples committees are responsible for defining the low-income benchmarks to be applied in their respective areas.

Moving from an informal to a formal status would mean complying with the new requirements of the VNTLAS, including environmental and social considerations, and having to deal with the costs associated with increased compliance. The households will also need to make changes to their production or management systems in order to conform to the VNTLAS.

Formalization could help address discriminatory practices within the timber sector, especially among MSMEs. Labour requirements mandated by the VNTLAS would reduce wage inequality and employment insecurity among women. Informal businesses tend to employ workers without formal contracts and offer little social protection to their workers. Findings from La Xuyen craft village show that women are typically engaged under these informal arrangements, and during times of crisis, female workers tend to be the first to be laid off.

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Formalization through the VPA also opens businesses to markets, provides access to support such as loans, subsidies and training, and offers legal protection to MSMEs (EFI and FAO, 2021) – all of which will benefit women directly or their household businesses. For example, registered business households with tax codes can provide financial invoices (VAT invoices). These VAT invoices are essential for buyers to pass on their claims as part of the legality requirements. Therefore, households need to registered to participate in timber trading.

As La Xuyen craft village is a timber-importing wood village, it is anticipated that the VPA will introduce stricter timber importing rules under the VNTLAS. La Xuyen craft village will have to evaluate their raw material sources, especially the rare or endangered natural forest timber species that they are currently importing, such as rosewood, redwood and ebony.

However, the VPA could have a positive impact for women who currently have weak contracts and job security. Requirements for businesses to comply with occupational, health and safety requirements will ensure that women have better conditions in the workplace. Labour requirements and contracts will improve their job security and reduce vulnerability.

6. DISCUSSION AND RECOMMENDATIONS

Viet Nam has taken the lead in gender equality: many policies on gender equality have been issued, the capacity of government institutions on gender equality has also been built and developed at all levels from the central to the local level, and many activities to support women have been implemented. The role and status of women have improved. However, gender inequality is still persistent, especially in MSMEs along the wood supply chain. The following aspects deserve greater attention:

- Policies and programmes to support women-owned MSMEs in the forest sector should be promoted and enforced, particularly in terms of access to land and forest resources, credit and legal/market information on the production and trading of timber and wood products.

- Improved guidance to provincial and local (commune level) authorities should be provided to help them implement laws and policies more effectively to promote or safeguard gender equity.

- Gender-disaggregated data from businesses, especially MSMEs, should be collected as a basis for developing guidance and strategies for supporting and developing MSMEs and improving governance.

- Women should be encouraged to participate in social organizations, especially those related to the wood industry, as networking and relationship building would help female business owners have better access to capital sources for technology investment and market information, etc.

- Vocational training, improvement of skills and capacity-building should be provided and promoted to women, on topics such as improving products, business administration, human resources management, and activities that have the potential to improve women's income (e.g. furniture finishing skills and furniture marketing).

- Implementation of the VPA will take place through a multi-stakeholder mechanism. This provides an opportunity to address gender issues by enabling Vietnamese NGOs to participate in monitoring and evaluating the VPA's impacts on women. This will help recognize the importance of a diverse activity portfolio for rural women, ensure VPA implementation does not negatively impact their access to forest and non-wood resources integral to their livelihood needs, and identify measures to mitigate potential adverse impacts.

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CB7952EN/1/12.21